

## Market Commentary

**Recap:** Oil futures fell significantly on Tuesday as traders weighed the risks to the market's recent rally, including a potential de-escalation in tension over Ukraine and the resumption of Iran nuclear talks. Oil prices slipped as much as 3%. The focus was on geopolitical risks, with French President Macron stating that he received assurances from Russian President Putin that he would not escalate the situation further with Ukraine, while Moscow cast doubt on his comments. Additionally, Iran's nuclear talks appeared to gain momentum. March WTI fell \$1.96, or 2.15%, to settle at \$89.36 a barrel, while April Brent slipped \$1.91, or 2.06%, to settle at \$90.78 a barrel. Petroleum products also fell, with March RBOB settling at \$2.6251 a gallon, down .0602 cents, while March heating shed .0628 cents to \$2.7926 a gallon.

**Market Outlook:** Gains for oil prices were being capped ahead of the resumption of indirect talks between the U.S. and Iran, which may revive a nuclear deal that could lead to the removal of sanctions on Iranian oil sales, increasing global supplies. The major trend is still pointing to the upside, with a trade above \$93.67 leading to a resumption of the uptrend. Above this level, additional resistance is seen at \$95. Support is set at \$87.30, with a push below \$86.34 shifting the momentum of this market to the downside.

**Fundamental News:** White House Economic Adviser, Jared Bernstein, said releasing more oil reserves is an "option that can be put on the table as needed" to help tackle gasoline prices.

In its Short Term Energy Outlook, the EIA reported that world petroleum demand in 2022 is estimated to increase by 3.54 million bpd from 97.07 million bpd to 100.61 million bpd in 2022 and by 1.87 million bpd to 102.48 million bpd in 2023. Total world petroleum production is expected to increase by 5.92 million bpd in 2022 to 101.39 million bpd and by 2.08 million bpd to 103.47 million bpd in 2023. OPEC's oil output is estimated to increase by 2.6 million bpd to 34.16 million bpd in 2022 and by 370,000 bpd to 34.53 million bpd in 2023. The EIA reported that U.S. oil output is expected to increase by 770,000 bpd to 11.97 million bpd in 2022. U.S. crude oil output is expected to increase by 630,000 bpd to 12.6 million bpd in 2023. U.S. total petroleum consumption is forecast to increase by 880,000 bpd to 20.66 million bpd in 2022. U.S. gasoline demand in 2022 is expected to increase by 160,000 bpd to 8.95 million bpd and by 50,000 bpd to 9 million bpd in 2023. Distillate demand is expected to increase by 120,000 bpd in 2022 to 4.08 million bpd and by 40,000 bpd to 4.12 million bpd in 2023. The price of Brent crude is forecast to average \$87/barrel in the second quarter and \$75/barrel in the fourth quarter. It expects Brent to average \$68/barrel for all of 2023.

The EIA reported that average retail price of gasoline increased by 2.5% to \$3.33/gallon from \$3.249/gallon in the week ending February 4<sup>th</sup>. It also reported that the retail price of diesel increased by 2.7% on the week to \$3.951/gallon from \$3.846/gallon.

The U.S. Census Bureau reported that U.S. crude oil exports reached 3.48 million bpd or 107.9 million barrels in December, up from 3.11 million bpd in November.

German oil trader, Mabanaft, plans to begin restart operations of its storage facilities in the coming days after a cyberattack halted operations at the end of last month. Loading at its Oiltanking storage sites in Germany is set to resume on Thursday.

**Early Market Call - as of 8:00 AM EDT**

WTI - Mar \$89.02, down 34 cents  
 RBOB - Mar \$2.6311, up 60 points  
 HO - Mar \$2.7871, down 48 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-22	2.7926	-0.0628	0.0514
Apr-22	2.6976	-0.0537	0.0442
May-22	2.6377	-0.0477	0.0377
Jun-22	2.5990	-0.0448	0.0329
Jul-22	2.5747	-0.0422	0.0307
Aug-22	2.5605	-0.0407	0.0307
Sep-22	2.5553	-0.0396	0.0255
Oct-22	2.5488	-0.0389	0.0310
Nov-22	2.5401	-0.0372	0.0316
Dec-22	2.5286	-0.0354	0.0330
Jan-23	2.5170	-0.0339	0.0353
Feb-23	2.5002	-0.0322	0.0359
Mar-23	2.4791	-0.0313	0.0353
Apr-23	2.4541	-0.0310	0.0347
May-23	2.4341	-0.0305	0.0342
Jun-23	2.4181	-0.0300	0.0337
Jul-23	2.4091	-0.0297	0.0330

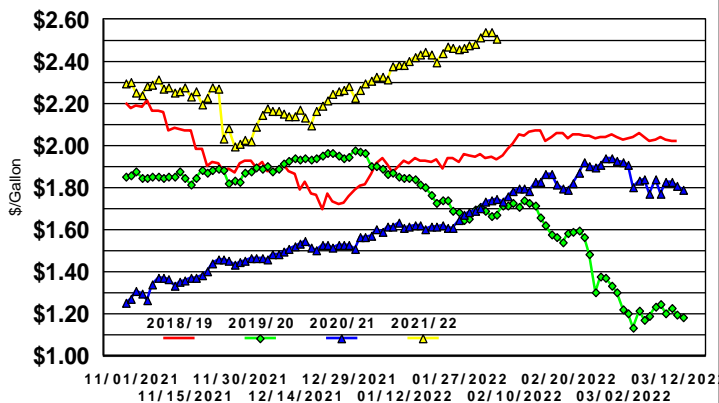
Sprague HeatCurve October 2022-April 2023		\$2.5094	
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$2.88	\$87.9000	-\$1.8700
Crude - Brent		\$90.7800	-\$1.9100
Natural Gas		\$4.2480	\$0.0160
Gasoline		\$2.6251	-\$0.0602

### API Report for the Week Ending February 4, 2022

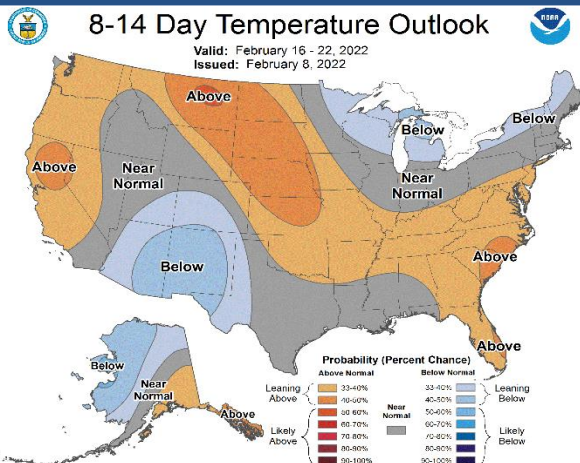
	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 2.025 million barrels	Up 500,000 barrels
Cushing, OK Crude Stocks	Down 2.502 million barrels	
Gasoline Stocks	Down 1.138 million barrels	Up 1.4 million barrels
Distillate Stocks	Down 2.203 million barrels	Down 2.1 million barrels
Refinery Runs		Down 0.2%, 86.5%

## Sprague HeatCurve

### Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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